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SUBJECT: INDO-US SECURITY COOPERATION: THE WAY AHEAD

Classified By: A/DCM Geoff Pyatt; Reasons 1.4 (B, D)

1. (C) Summary: Meeting on 23 February, MEA Joint Secretary (Americas) S. Jaishankar and DSCA Director for Middle East, Asia and North Africa Ed Ross agreed that a large cooperative defense program, such as a P-3 or C-130 sale, would build trust and demonstrate US reliability as a defense supplier. Jaishankar warned that the IAF cannot continue extending the deadline for a US response on the multi-role fighter RFI without appearing to give an unfair competitive advantage to US contractors. He was favorably inclined to our proposals to post a security cooperation liaison officer at the Indian Embassy in Washington, and possibly a military liaison to PACOM, as well as to enter into a bilateral dialogue on the US Quadrennial Defense Review. Finally, Jaishankar reiterated concerns about how US policy and Indian perceptions are affecting progress on the NSSP. End Summary.

2. (C) Opening this February 23 discussion, Jaishankar proposed a customer-oriented defense cooperation approach in which India and the US look closely at India's problems and requirements, and see where the US can provide the most assistance. He made the following additional points in relation to security cooperation:

- Both governments must attack the presumption that the USG and GOI cannot do business together;
- The Tsunami relief effort demonstrated "operational comfort" between the two countries;
- Raising the relationship to a new level will require both governments to go into new areas;
- Not everything will work out, but some things will, so the relationship is worth pursuing;
- There was a palpable keenness to do business at the recent Aero-India international airshow; i.e. the US aerospace industry wants to be in the Indian market;
- There is residual frustration over problems procuring US parts for Sea King and Sea Harrier aircraft, resulting from the 1998 sanctions;
- The Indian military is aware that, in spite of past concerns about US "reliability," they should do a risk evaluation and move forward; and
- From a policy standpoint, Jaishankar will recommend to the MOD that the time to move forward is now.

3. (U) Ross agreed with Jaishankar's overall approach, and asserted that a major US-India project will cause the pace of the bilateral relationship to pick up substantially, and will help both countries' bureaucracies to mesh. He also affirmed:

- There is no inherent incompatibility between USG and GOI bureaucracies;
- Only time and effort will help the systems adjust to each other; and
- DSCA is looking for an opportunity to collaborate on a very specific program to build trust and demonstrate commitment.

Multi-role Fighter RFI

4. (C) To Jaishankar's query about a US response to the Indian Air Force RFI for procurement of 126 multi-role fighters, Ross replied that while he could not give a specific date, the USG was treating the request very seriously and needed "a little more time." Jaishankar acknowledged his recent phone conversation with Peter Flory, OSD PDASD (ISA), informing him that the Ross delegation would not have a definitive response to the RFI, and would request additional time. Jaishankar said MEA's recommendation to the MOD was to be as flexible as possible in allowing more time for the US response. However, he was clear that with answers already received from other suppliers, the GOI could not extend the RFI deadline much longer without appearing to give an unfair competitive advantage to US contractors.

GOI Defense Cooperation Liaisons

5. (C) Ross recommended that the GOI post a security cooperation liaison at the Indian Embassy in Washington to interact with DSCA, the US military, and other USG agencies involved in security cooperation (similar to a DoD Office of Defense Cooperation). Explaining the advantages of having a GOI officer in the US intimately familiar with FMS and export licensing procedures, who can contact the right people to answer questions from New Delhi, Ross suggested that the best time to appoint such a person is before a major defense

cooperation project gets under way. Jaishankar expressed interest, adding that he would work with the US Embassy on a job description.

16. (C) In response to Jaishankar's question on whether other countries have liaisons to US commands such as PACOM, USD member Jim Alverson, OSD/ISA India desk officer, explained that some countries do, and that PACOM had expressed interest in a Liaison Officer from India. Jaishankar said he had heard various people make a case for it, and thought India should consider the idea.

Quadrennial Defense Review (QDR) Dialogue

17. (C) OSD/ISA's Alverson conveyed an OSD proposal for dialogue with the GOI that would inform DoD's work on its next QDR. He explained that DoD wanted to solicit ideas and viewpoints from a very small number of allies and partners, and wanted India included in this effort. Jaishankar called the proposal a "splendid idea" that could not have come at a better time.

MEA Concerns on the NSSP

18. (C) Jaishankar also went over previously expressed concerns related to the NSSP process. The first involved October 2004 USG sanctions against two Indian scientists in "a very public way" with "very little proof," over alleged technology transfers to Iran. Though he considered it an "aberration" in US-GOI coordination, Jaishankar claimed this incident embarrassed him personally. Specifically, he did not understand why State Department officials could contact him personally for a "favor" regarding an imminent IAEA meeting on Iran, while hours later he had to find out about sanctions from the Federal Register.

19. (C) While Jaishankar understood our concern about WMD-related technology transfers to Iran, he stressed that if US policy is expanded to say India can not "sell a screwdriver" to Iran without being sanctioned, "we have a problem."

10. (C) Jaishankar's final worry involved the Indian Department of Atomic Energy's (DAE's) "very weak" enthusiasm for the NSSP's civil nuclear component. While he did not elaborate in this setting, he was concerned that the GOI needs DAE support to maintain momentum on the NSSP. He expressed hope that the US would look for NSSP areas that can be interpreted generously enough for DAE to feel like there is something in it for them.

11. (U) Mr. Ross and Mr. Alverson cleared this message.
MULFORD